

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 AGRE-00 /091 W
----- 025597

R 081404Z SEP 76

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 6656

INFO AMEMBASSY ANKARA

AMEMBASSY NICOSIA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ECON, GR

SUBJECT: CARAMANLIS HIGHLIGHTS ECONOMIC DEVELOPMENTS AT THES-
SALONIKI FAIR OPENING

REF: A. ATHENS 9839, B. ATHENS 9007, C. ATHENS A-139

1. PRIME MINISTER CARAMANLIS, IN HIS SPEECH SEPTEMBER 4
INAUGURATING THE OPENING OF THE ANNUAL THESSALONIKI INTERNATIONAL
TRADE FAIR, GAVE A BRIEF SUMMARY OF THE GOVERNMENT'S ECONOMIC
POLICIES AND ECONOMIC DEVELOPMENTS SO FAR THIS YEAR. HE SAID
GREEK ECONOMIC POLICY HAS TWO AIMS - TO ARM THE COUNTRY AGAINST
FOREIGN DANGERS AND TO INTEGRATE THE COUNTRY INTO THE COMMON
MARKET - AND CONCLUDED THAT GREECE'S ECONOMY "IS DEVELOPING
IN A SATISFACTORY MANNER JUTIFYING A SENSE OF OPTIMISM FOR
THE FUTURE". THE STATISTICS AND PROGNOSIS HE GAVE CONFORM
VERY CLOSELY TO OUR OWN OBSERVATIONS, IN PREVIOUS REPORTING
ALTHOUGH HE NATURALLY EMPHASIZED THE POSITIVE AND DID NOT DWELL
ON THE ECONOMY'S WEAKNESSES. NEVERTHELESS, AS THE FIRST STATEMENT OF
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OFFICIAL POLICIES AND FORECASTS SINCE APRIL, THIS SPEECH,

HAS SOME SIGNIFICANCE.

2. SPECIFICALLY, CARAMANLIS NOTED FAVORABLE DEVELOPMENTS IN THE GROWTH RATE, PRICES, PUBLIC FINANCE, AND, WITH SOME QUALIFICATION, THE BALANCE OF PAYMENTS. GNP IS NOW EXPECTED TO INCREASE BY MORE THAN FIVE PERCENT IN 1976, HE STATED, AS COMPARED WITH A FORECASTED AGGREGATE GROWTH RATE OF FOUR PERCENT FOR EUROPEAN OECD MEMBER STATES, DUE MAINLY TO AN ANTICIPATED 7.5 PERCENT INCREASE IN INDUSTRIAL PRODUCTION. INFLATION SEEMS TO BE SLOWING - THE CPI ROSE ONLY 3.4 PERCENT IN THE FIRST EIGHT MONTHS - WHICH PUTS THE TARGET OF 11 PERCENT FOR THE YEAR IN THE RANGE OF POSSIBILITY. COLLECTION OF BUDGET REVENUES, HE SAID, IS PROCEEDING QUITE WELL. AS ORIGINALLY FORESEEN, THE ORDINARY BUDGET SHOULD BE BALANCED AT 171.5 BILLION DRACHMAS.

3. IN SPEAKING OF THE BALANCE OF PAYMENTS, CARAMANLIS POINTED OUT THAT THE CURRENT ACCOUNT DEFICIT DECREASED DURING THE FIRST SEVEN MONTHS VIS-A-VIS 1975 (\$856 MILLION AND \$869 MILLION RESPECTIVELY), AND SHOULD REACH \$1 BILLION FOR THE YEAR. HE EMPHASIZED THAT THE LARGE INFLOWS OF FOREIGN EXCHANGE DEPOSITS (SEE REF C) WOULD GO A LONG WAY TOWARDS COVERING THIS. UNDERLYING THE INCREASE IN THESE DEPOSITS, HE SAID, IS CONFIDENCE IN THE GOVERNMENT'S ECONOMIC POLICIES AND A STRENGTHENING OF GREECE'S INTERNATIONAL CREDIT RATING. NEVERTHELESS, HE CAUTIONED, THE TRADE DEFICIT "STILL REMAINS A RESTRAINING FACTOR ON OUR ECONOMIC EFFORTS AND, THEREFORE, CONTINUES TO BE THE CRUCIAL PROBLEM FOR THE GREEK ECONOMY".

4. THE PRIME MINISTER REITERATED THAT THE SECOND BASIC AIM OF THE GOG POLICY - THE FIRST BEING THE SAFE-GUARDING OF THE SECURITY OF THE COUNTRY - IS GREEK ACCESSION INTO THE EC AS RAPIDLY AS POSSIBLE. HE STATED THAT ACCESSION INTO A "UNITED EUROPE" WILL SPEED UP THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY, CONTRIBUTE TO SAFEGUARDING OF DEMOCRATIC INSTITUTIONS, AND, ABOVE ALL, STRENGTHEN THE SECURITY OF THE COUNTRY AGAINST FOREIGN DANGERS. THE PRIME MINISTER CALED FOR RADICAL CHANGES NOT ONLY IN THE ECONOMY BUT ALSO IN THE MENTALITY OF THE GREEKS. HE ALSO MENTIONED THE NECESSITY FORMERGERS OF SMALLER COMPANIES, AND IMPROVEMENT AND CHANGES IN THE STRUCTURE OF AGRICULTURE.

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5. CARAMANLIS TOUCHED BRIEFLY ON PROGRESS IN THE GOVERNMENT'S SOCIAL POLICY TO REDISTRIBUTE INCOME AND INCREASE THE PURCHASING POWER OF THE WORKERS. HE POINTED OUT THAT THE MINIMUM WAGE HAS RISEN, IN REAL TERMS BY 19.5 PERCENT FOR MALES AND 29 PERCENT FOR FEMALES FROM SEPTEMBER 1974 TO JULY 1976; THAT EMPLOYMENT HAS INCREASED DURING THE FIRST QUARTER OF 1976; AND THAT GOG SUBSIDIES AND PRICE SUPPORTS, HAVE RESULTED IN

INCREASED AGRICULTURAL INCOME.

6. SPEAKING AT THE INAUGURATION CEREMONY, MINISTER OF COMMERCE VARVITSIOTIS GAVE A MORE DETAILED SPEECH REVIEWING ECONOMIC DEVELOPMENTS TO DATE AND OUTLINING FUTURE PROSPECTS, MUCH OF WHICH WAS REPETITION OF CARAMANLIS' REMARKS. HE REITERATED THAT MANUFACTURING PRODUCTION HAS INCREASED SATISFACTORILY, AND THAT EXPECTED GNP GROWTH FOR 1976 IS NOW HIGHER THAN PREVIOUS PROJECTIONS. EXPORTS, HE SAID, HAVE BEEN INCREASING AND ARE EXPECTED TO CONTINUE TO RISE IN THE COMING MONTHS, ESPECIALLY TO THE EC, THE BALKAN COUNTRIES, AND THE MIDDLE EAST. REGARDING PRICES, HE NOTED THAT THE GOG'S POLICY IS TO KEEP CONSUMER PRICES STABLE WHILE AT THE SAME TIME PROTECTING AGRICULTURAL INCOME. ACCORDINGLY, THE GOVERNMENT IS TRYING TO CONTROL MIDDLEMEN'S PROFITS. HE THEN TURNED TO DEVELOPMENTS IN THE MINISTRY OF COMMERCE, REMARKING THAT IT HAS TAKEN MEASURES TO SIMPLIFY THE CODIFY IMPORT AND EXPORT REGULATIONS, TO CONTROL IMPORTS AND EXPORT PRICES, AND TO STIMULATE COMPETITION AND THE STOCK EXCHANGE. THE MINISTRY HAS ALSO BEEN REORGANIZED IN CONFORMITY WITH GOG POLICY REQUIREMENTS AND THE FORTHCOMING EC ACCESSION, HE SAID.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, PRIME MINISTER, ECONOMIC PROGRAMS, TRADE FAIRS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ATHENS09479
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760339-0779
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760983/aaaactij.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ATHENS 9839, 76 ATHENS 9007, 76 ATHENS A-139
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <05 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CARAMANLIS HIGHLIGHTS ECONOMIC DEVELOPMENTS AT THES- SALONIKI FAIR OPENING
TAGS: ECON, GR, (CARAMANLIS, CONSTANTINE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006